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September 4, 2007

Honorable Jed S. Rakoff
United States District Judge
United States District Court
500 Pearl Street
Room 1340
New York, New York 10007

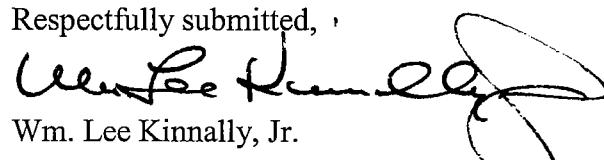
Re: Shamrock Technologies, Inc. v. React-NTI, LLC
07 CV 3114

Dear Judge Rakoff:

This letter is being written jointly by counsel for the parties. When counsel appeared before Your Honor on June 1, 2007, you directed us to report by September 5 on the status of our efforts to resolve this dispute. Counsel and the parties met in Chicago on August 16 for a negotiating session. There was a full and frank discussion of the outstanding issues, but no resolution. In addition there has been a limited exchange of documents and information.

At this point, it does not appear that further negotiations will be fruitful and, under the License Agreement, the parties will now proceed to mediation.

Respectfully submitted,


Wm. Lee Kinnally, Jr.

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